

Department of Consumer and Regulatory Affairs

NOTICE OF FINAL RULEMAKING

The Acting Director, Department of Consumer and Regulatory Affairs, pursuant to the authority set forth in Act of June 19, 1934, 48 Stat. 1137, D.C. Code Sec. 35-422, and Act of June 19, 1934 48 Stat. 1152, as amended, D.C. Code Sec. 35-634; and Mayor's Order. 94-54, gives notice of the adoption of a new chapter, Chapter 24 entitled Company Organization, Management and Securities of Title 26 DCMR "Insurance." The provisions of this Chapter shall apply to the District of Columbia Code Sec. 35-422.

The proposed rules were published at 41 DCR 1316. No comments were received during the comment period and no changes have been made to the text of the rules. The rules will be effective upon publication of this notice in the D.C. Register. These rules were adopted on April 13, 1994.

2400 SCOPE

- 2400.1 The provisions of this law shall apply to insurance companies regulated by District of Columbia Code Sec. 35-422.

2401 VALUATION OF BONDS

- 2401.1 All bonds or other evidences of debt having a fixed term and rate of interest held by an insurer may, if amply secured and not in default as to principal or interest, be valued as follows:
- (a) If purchased at par, at the value.
 - (b) If purchased above or below par, on the basis of the purchase price adjusted so as to bring the value to par at maturity and so as to yield in the meantime the effective rate of interest at which the purchase was made.
 - (c) Purchase price shall in no case be taken at a higher figure than the actual market value at the time of purchase, plus actual brokerage, transfer, postage or express charges paid in the acquisition of such securities.

2401.2 The Superintendent of Insurance shall have full discretion in determining the method of calculating values according to the rules set forth in this section, but no such method or valuation shall be inconsistent with any applicable valuation or method used by insurers in general, or any such method then currently formulated or approved by the National Association of Insurance Commissioners or its successor organization.

2402 Valuation of Other Securities

2402.1 Securities, other than those referred to in Section 2401, held by an insurer shall be valued, in the discretion of the Superintendent of Insurance, at their market value, or at their appraised value, or at prices determined by it as representing their fair market value.

2402.2 Preferred or guaranteed stocks or shares while paying full dividends may be carried at a fixed value in lieu of market value, at the discretion of the department and in accordance with such method of valuation as it may approve.

2402.3 Stock of a subsidiary corporation of an insurer shall not be valued at an amount in excess of the net value thereof as based upon those assets only of the subsidiary which would be eligible under for investment of the funds of the insurer directly.

2402.4 No valuations under this section shall be inconsistent with any applicable valuation or method then currently formulated or approved by the National Association of Insurance Commissioners or its successor organization.

2403 Other Invested Assets

2403.1 Insurers other invested assets shall be valued in accordance with procedures promulgated by the National Association of Insurance Commissioner's Financial Condition subcommittee or as prescribed by the Commissioner of Insurance which will be made available to the public.